

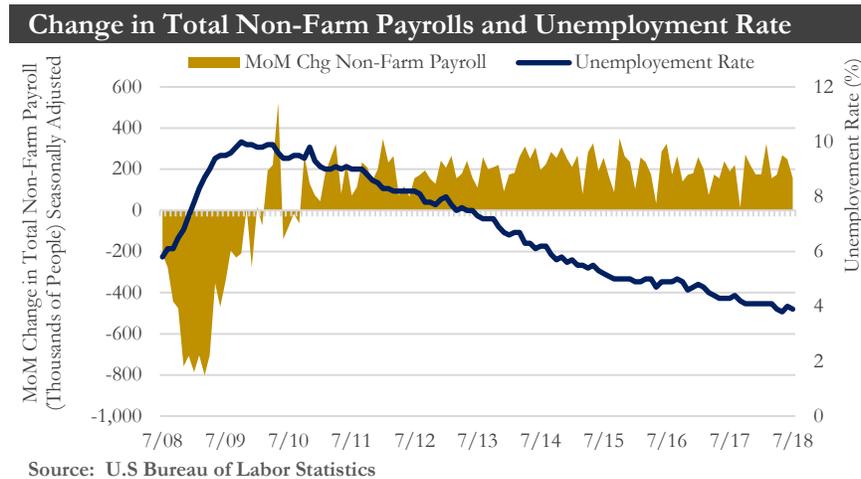
CMC UPDATE: Job Growth Shows Continued Strength in the Labor Market
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U.S. non-farm payrolls rose 157,000 in July the unemployment rate edged back down to 3.9%. The labor force participation rate held on to its June gain, remaining at 62.9% in July. The core working-age individuals (25-54 years) continue to be drawn back into the labor force, an improving trend seen over the past three years.

July's hiring slowdown was concentrated in the services sector. Average hourly earnings rose 0.3% in July. On a year-on-year basis, growth in wages remained steady at 2.7%.

A 3.9% unemployment rate, and a rise in labor force participation for core-aged individuals drives home the continued strength in the labor market. With continued improvement in the participation rate and wage gains not yet showing signs of acceleration, the Fed can continue to be patient in raising rates. We expect the Fed to raise interest rates by 25 basis points in both September and December.



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